

From: Tierney, Patrick [<mailto:Patrick.Tierney@occ.treas.gov>]

Sent: Wednesday, July 02, 2014 3:29 PM

To: 'David Emmel'; 'April Snyder'; 'Dafina Stewart'; 'Jay Atieh'; 'Andrew Willis'; 'Kevin Littler'; Eng, Tiffany; Corn, Kerri; Weinberger, James; Alexander, Tena; Dawley, Suzanne J.; Berryman, Rebecca A.; 'Adam Trost'; Hadley, Kyle L.; Schatten, Eric W.; Feder, Gregory S.; Clair, Suzanne L.; Robertson, Douglas; Cetina, Jill; Stankiewicz, David; Solomon, Karen; Stuart Feldstein; Mcquade, Tom; Jennings, Linda

Subject: SFIG email - Proposed (additional) language for look-through approach in LCR

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Dear Patrick,

As discussed, we offer below an addition (provision J) to our proposed definition of "**bank customer securitization credit facility**". Including this additional provision in the forthcoming regulation would address any potential concerns that an addition of receivables to an SPV would result in an automatic funding requirement under a related bank commitment.

- (a) that is sponsored by a customer of one or more banks;
- (b) through which the customer obtains financing either (i) directly from one or more such banks, or (ii) through one or more asset-backed commercial paper conduits that are supported with liquidity facilities from one or more such banks with commitment amounts (together with commitment amounts from other financial institutions, governmental agencies and government-sponsored entities) that at least cover the face amount of the asset-backed commercial paper used to fund such financing;
- (c) where the customer is not one of such banks, or an affiliate of one of such banks, extending such financing or providing a liquidity or credit facility to an asset-backed commercial paper conduit that is extending such financing;
- (d) where one or more of such banks or asset-backed commercial paper conduits, or an agent on its or their behalf, negotiates and agrees to the terms of the financing directly with the customer or the special purpose entity sponsored by the customer;
- (e) where the eligible primary underlying exposures have been originated or acquired by the customer to further a long-term business objective and proceeds of borrowings by the customer or the special purpose entity sponsored by the customer under the facility are used to finance such exposures;
- (f) where, for at least 95 percent of the eligible primary underlying exposures, the obligor is not a depository institution, depository institution holding company, foreign bank or consolidated subsidiary of any of the foregoing;
- (g) where the terms of the underlying transaction are not subject to triggers that require eligible primary underlying exposures to be sold if the market value of such exposures declines below a specified level;
- (h) that contains terms requiring compliance with any applicable laws and regulations governing credit risk retention by sponsors of traditional securitizations;
- (i) where, after initial financing is extended, none of such banks or asset-backed commercial paper conduits are required to fund any commitment to such customer or its special purpose entity unless eligible primary underlying exposures exist and are available to secure such additional funding as required by the contractual terms of the financing; and
- (j) where each funding of additional amounts under any commitment to such customer or its special purpose entity is conditioned on prior receipt of an affirmative request for such**

funding from such person or an agent that is not one of such banks or an affiliate of one of such banks acting on its behalf

Please let me know if you have any questions or would like to discuss.

Kind regards,
Sairah



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Furthermore, all participating members agree to keep any discussions (and any SFIG Work Product stemming from discussions on this call) confidential, including not discussing the subject of this call with non-members, including, but not limited to regulators, media or news outlets, other trade organizations, and/or other any other party except (i) as specifically permitted by SFIG in writing (permission by SFIG via electronic mail being acceptable), (ii) to the extent published or otherwise publicly disseminated by SFIG or (iii) otherwise as compelled by law pursuant to a court order or through other governmental action.

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member institution not to disclose such matters except under the same circumstances that the individual participant would be permitted to disclose them in accordance with the preceding paragraph.

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